

OVERBERG

DISTRICT MUNICIPALITY

REMUNERATION POLICY



Council Resolution No:

Date:

Municipal Manager:

Executive Mayor

Reference No:

Municipal Code No:

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1. INTRODUCTION

- 1.1 This remuneration policy of Overberg District Municipality provides guidelines for managing the remuneration of both bargaining unit and non-bargaining unit employees. To ensure that the Municipality can attract and retain adequate numbers of suitable personnel in the Municipality.

2. PURPOSE

- 2.1 The purpose of this policy is to: - advance labour peace and efficient human resources management by fulfilling the primary objects of the Constitution, relevant employment law and local government legislation.

3. POLICY PRINCIPLE

- 3.1 This policy is based on the following principles:

3.1.1 **Equal pay for equal work of equal value:** The Municipality shall pay equal remuneration to employees performing equal work of equal value;

3.1.2 **Transparency:** All municipality personnel remuneration should be treated confidentially, unless required by legislation; and

3.1.2 **Equity:** The Municipality shall strive to remunerate employees fairly so as to ensure that external, internal and individual equity principles are maintained with regard to the remuneration of management.

4. POLICY OBJECTIVES

- 4.1 The objectives of this policy are:

4.1.1 To promote effective, efficient and economic use of resources, including human resources;

4.1.2 To promote fairness and transparency in decisions regarding the remuneration of personnel;

4.1.3 To provide a framework for linking managers' remuneration to their performance;

- 4.1.4 To comply with the relevant legal requirements including collective agreements, statutory provisions and applicable regulations;
- 4.1.5 To provide a framework that is flexible enough to prevent bureaucratic rigidity and allow for relative market rates and individual differences in terms of merit.
- 4.1.6 To attract the right quality of applicants;
- 4.1.7 The municipality follows a total cost of employment approach in the determination and management of remuneration, as set out in the remuneration structure except where indicated otherwise;
- 4.1.8 The remuneration policy and practices must support the vision, mission, strategies and objectives of the municipality;
- 4.1.9 The municipality remunerates employees in accordance with the “value of their work” as defined by the organization in terms of capabilities i.e. competencies, technical skills and experience (input) and performance (output), at the various organizational levels;
- 4.1.10 Remuneration is one of the factors that influence employee behaviour and must therefore be managed in such a way that it contributes to a motivating work climate; and
- 4.1.11 Communicates and supports organisational values and strategy and creates focus on key organisational objectives through the performance management system.

5. LEGAL AND RELATED MATTERS

- 5.1 This policy is in line with the dictates of the Municipal Systems Act, 2000 and the Municipal Finance Management Act, 2003 and the Bargaining Council Agreements.
- 5.2 The bargaining Council dictates the conditions of service and minimum salary levels for employees covered by the Bargaining Council agreements.
- 5.3 Municipality needs to ensure that its salary levels are in line with the requirements of the Bargaining Council.

6. JOB EVALUATION AND GRADING

- 6.1. The content of all jobs (positions) in the Overberg District Municipality’s organizational structure will be properly described and evaluated in terms of agreed systems;
- 6.2. Jobs will be linked to the pay structure in accordance with their relative evaluated level as approved by the Municipal Manager.

- 6.3. The Overberg District Municipality will use the Job Evaluation System for employees falling under the Bargaining Council Agreement.

7. EMPLOYEES UNDER SECTION 57 OF THE MUNICIPAL SYSTEMS ACT

7.1. Determination of pay ranges

7.1.1. The pay range applicable to the Municipal Manager shall be the pay range determined by COGTA for a —section 57 employee on the valid category of the Municipality in terms of the Upper Limits applicable to Municipal Managers; and

7.1.2 The pay range for a Manager who is directly accountable to the Municipal Manager shall be the pay range determined by COGTA for a —section 57 employee on the valid category of the Municipality in terms of the Upper Limits applicable to Managers directly accountable to the Municipal Manager.

7.2. Approach to structuring management remuneration

7.2.1. According to Local Government: Municipal Systems Act 32 of 2000;

7.2.2 The employment contract must provide that the employee shall be paid an all-inclusive annual remuneration package (total cost to employer), to be indicated in Rand value and payable in equal monthly instalments; and

7.2.3 The all-inclusive annual remuneration package consists of a basic and a flexible portion. The rules governing the structuring of the flexible portion will be provided by the employer.

8. REMUNERATION PHILOSOPHY

8.1. Every employee, except employees who were appointed in terms of section 57 of the Municipal Systems Act insofar as any collective agreement excludes them, must be remunerated according to the relevant collective agreements

8.2 The remuneration of an employee consists of:

8.2.1 Basic salary;

8.2.2 13th Cheque (bonus);

8.2.3 The municipality's contribution to a retirement fund in respect of the employee;

8.2.4 The municipality's contribution to a medical aid scheme in respect of the employee (where applicable);

- 8.2.5 Group Life Insurance (where applicable);
- 8.2.6 The municipality's contribution in terms of any other legal requirement;
- 8.2.7 Provided the qualifying conditions are met, any approved allowance;
- 8.2.8 Payments for overtime work as prescribed by relevant legislation; and
- 8.2.9 Such allowances as may be payable in terms of a collective agreement.

9. ANNUAL BONUS (EXCLUDING EMPLOYEES APPOINTED IN TERMS OF SECTION 57 OF THE MUNICIPAL SYSTEMS ACT)

- 9.1. Every employee is entitled to a 13th cheque payable together with her/his salary for last month of every annual employment cycle that she/he completes.
- 9.2. An employee is entitled to the pro-rata payment of her/his annual bonus:
 - 9.2.1 On retirement;
 - 9.2.2 When his/her service is terminated due to illness or injury;
 - 9.2.3 When he/she resigns; and
 - 9.2.4 Upon her/his death.

10. SALARY ADVICES / PAY SLIPS

- 10.1 Every employee is entitled to receive a pay slip on every pay day, as contemplated in section 33 of the Basic Conditions of Employment Act. When an employee who cannot read so requests, the contents of such a pay slip must be explained to him/her

11. DEDUCTIONS FROM SALARY

- 11.1 The municipality must deduct from an employee's monthly salary and pay the amounts deducted over to the relevant institution (where applicable), together with the municipality's contribution (where applicable):
 - 11.1.1 Income tax in terms of relevant legislation;
 - 11.1.2 The employee's contributions to the retirement and medical aid funds;
 - 11.1.3 Any deductions ordered by a court of law;
 - 11.1.4 Any deduction authorised in terms of a law;
 - 11.1.5 Any deductions permitted in terms of a collective agreement;
 - 11.1.6 Any fines and reimbursements imposed as a penalty for misconduct; and
 - 11.1.7 Any deduction must be clearly shown on the employee's salary advice.

12. MONIES OWED UPON TERMINATION OF SERVICE

- 12.1 Whenever the services of an employee are terminated, any monies that the employee owes to the municipality or the municipality owes to the employee will be due and payable by cheque or cash on his/her last working day or facilitated by means of an official pay deduction.

13. STOP-ORDER FACILITIES

- 13.1 The municipality shall not honour any authorisation given by an employee for deducting money from her/his salary unless such authorization is given in relation to:

13.1.1 Any deductions authorized in terms of a collective agreement; and

13.1.2 Any deductions authorized by legislation.

14. COMMENCING SALARIES

- 14.1. New external and internal appointments will be offered remuneration in the first notch of applicable range of the applicable salary scales at the time of appointment.
- 14.2 Where new external and internal appointments are equivalent or above the first notch he/she will be offered two notches above his/her current notch

15. ANNUAL COST OF LIVING ADJUSTMENTS

- 15.1. Remuneration will be adjusted annually by means of a cost-of-living adjustment as determined through collective bargaining processes in the South African Local Government Bargaining Council (SALGBC) or by means of increases determined by COGTA relating to the Upper Limits for Managers and Managers reporting directly to the Municipal manager.
- 15.2. Cost of living adjustment for employees will be based on the basic salary, with benefits being adjusted according to policy, legislation and/or collective agreements.
- 15.3. Adjustments to the pay structure may be considered and approved by the Overberg District Municipal Council upon receipt of a recommendation from the Municipal Manager, and in accordance with any relevant legislation and/or agreements.

- 15.4. The Chief Financial Officer will ensure that provision for annual adjustments to the pay structure is made in the budget. Provision for rewarding performance must be included in the budget for each Directorate.
- 15.5 Annual notch increment with effect 1 January (if entitled).

16. MANAGEMENT OF TOTAL COST OF EMPLOYER (TCOE)

16.1. Total Cost of Employer (TCOE) is defined TCOE = Basic Annual Salary plus:

- 16.1.1 Employers contributions to retirement fund;
- 16.1.2 Employers contributions to Unemployment Insurance Fund and in terms of the Workman's Compensation Fund;
- 16.1.3 Employers contributions to medical aid;
- 16.1.4 Housing subsidy;
- 16.1.5 Car allowance (if any);
- 16.1.6 Annual bonus (13th cheque);
- 16.1.7 Long service bonus;
- 16.1.8 All allowances not defined as operational allowances;
- 16.1.9 Group Life Assurance; and
- 16.1.10 At least 60% of TCOE is deemed to be retirement funding income.

16.2 TCOE is paid in 12 monthly installments.

16.3 Employer and employee contributions towards the recognized benefit schemes that the employee is eligible for, or compelled to provide, in terms of the employees conditions of service, will be the contribution rates as contained in the rules of the relevant scheme, or as agreed to in terms of a relevant collective agreement, as amended from time to time.

16.4 Current total cost of employment will include the value of those contributions, allowances and subsidies which employees currently actually receive. The value of benefit entitlements available but not utilized, will not be included in the sum of any employee's total cost of employment.

16.5 TCOE does not include the value of any leave.

16.6. The following are currently deemed to be operational allowances and are therefore excluded from TCOE:

- 16.6.1 Standby allowances;
- 16.6.2 Travel allowances;
- 16.6.3 Overtime;

- 16.6.4 Shift allowances (if any);
- 16.6.5 Uniform allowances;
- 16.6.6 Acting Allowances; and
- 16.6.7 Cellular Phone Allowance.

16.7 The payment of operational allowances takes place in accordance with the policies applicable to such allowance.

16.8 Employees who are required to use their private vehicles for execution of their functions and duties may claim running costs for kilometres travelled on official.

17. BUDGET AND RESOURCES

17.1 The Municipal Manager or his/her delegate assignee accepts overall responsibility for the implementation and monitoring of the policy.

18. OTHER

18.1 EPWP: Paid in terms of Legislation and internal Directive, approved by the Municipal Manager.

18.2 Council: Paid in terms of legislation as per the Upper Limits, determined by the National Minister of COGTA.

18.3 Temporary employee: As per appointment approved by the Municipal Manager.

19. PENALTIES

19.1 Non-compliance of any of the stipulation contained in the Policy will be viewed as misconduct and will be dealt with in terms of the municipality's Disciplinary Code.

20. POLICY REVIEW

20.1. Policy to be implemented with effect 1 July 2018 and be reviewed from time to time.